

## VALLEY WATER MANAGEMENT COMPANY

7500 MEANY AVE.  
BAKERSFIELD, CALIFORNIA 93308

July 31, 2012

Mr. Shelton Gray  
Regional Water Quality Control Board  
1685 E Street  
Fresno, CA 93706

Dear Mr. Gray:

This plan and time schedule is submitted as required in the Notice of Violation dated June 28, 2012 for Valley Water Management's Race Track Hill "C" Plant located in Section 34.

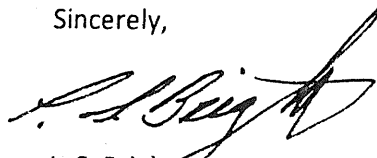
1. On July 18, 2012, Valley Water Management staff underwent one day of intensive training on the proper operation of this facility to prevent accumulations of crude oil on the water surfaces of the ponds at this location.
2. During the week of August 6, 2012, the installation of new skimming equipment will be undertaken. This will be a labor intensive and time consuming task that we hope to have completed by August 31.
3. Valley Water Management's Race Track Hill membership is being informed of the importance of delivering only clean produced water to this facility.

We believe that these steps will prevent an accumulation of crude oil on the ponds such as Mr. West found on his visit of June 20, 2012.

Although this would certainly not be our first choice, if these steps do not resolve this problem, we will net these ponds as you discussed in the Notice.

If you have any questions or concerns, please contact us at your convenience.

Sincerely,



L. S. Bright  
Manager